

**Housing Authority of the
CITY OF GRAMBLING**
Grambling, Louisiana

**Basic Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended September 30, 2004
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/8/05

**WILLIAM DANIEL McCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

5150 Highway 22, Suite C-14
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HOUSING AUTHORITY OF THE CITY OF GRAMBLING
 Grambling, Louisiana
 General-Purpose Financial Statements
 As of and for the Fiscal Year Ended September 30, 2004
 With Supplemental Information Schedules

CONTENTS

	Exhibit	Page
Independent Auditor's Report		3
Management's Discussion and Analysis		5
Basic Financial Statements:		
Statement of Net Assets	A	13
Statement of Revenues, Expenses and Changes in Net Assets	B	14
Statement of Cash Flows	C	15
Notes to the Financial Statements		16
	Schedule	Page
Financial Data Schedule	1	25
Schedule of Expenditures of Federal Awards	2	28
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		29
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		31
Schedule of Compensation Paid Board Members	3	33
Schedule of Prior Audit Findings	4	34
Schedule of Current Year Findings and Questioned Costs	5	35

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Grambling
Grambling, Louisiana

I have audited the accompanying basic financial statements of the Housing Authority of the City of Grambling (the authority) as of and for the year ended September 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Grambling as of September 30, 2004, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the basic financial statements, the authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 38, *Certain Financial Statement Note Disclosures as of July 1, 2002*. This results in a change in the format and content of the basic financial statements. Additionally, the authority adopted the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units an amendment of GASB Statement 14*.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Independent Auditor's Report, 2004
Page Two

In accordance with *Government Auditing Standards*, I have also issued my report dated March 29, 2005 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be and should be considered in assessing the results of my audit.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the authority's basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, and is not a required part of the basic financial statements of the authority. The accompanying Financial Data Schedule, required by HUD, is presented for purposes of additional analysis, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards and the Financial Data Schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 William Daniel McCaskill,
CPA, APAC

Digitally signed by William
Daniel McCaskill, CPA, APAC
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Date: 2005.03.31 13:40:09
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William Daniel McCaskill, CPA
A Professional Accounting Corporation
March 29, 2005

HOUSING AUTHORITY OF GRAMBLING, LOUISIANA
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2004

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2004

The management of the Housing Authority of Grambling, Louisiana presents the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending September 30, 2004. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The Housing Authority's assets exceeded its liabilities by \$2,265,460 at the close of the fiscal year ended 2004.
 - ✓ Of this amount, \$458,438 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 56% of the total operating expenses for the fiscal year 2004, which means the Authority could operate about 7 months using the unrestricted assets alone.
 - ✓ The remainder of \$1,807,022 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
- The Housing Authority's total net assets increased by \$56,324, a 3% change from the prior fiscal year 2003. This increase is attributable to significant increases in operating grants from HUD, reduced by depreciation expense, the Authority's largest non-cash expense, described in more detail below.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only *fund financial statements* are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2004?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

The Housing Authority accounts for all financial activity in a single enterprise fund. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2004

activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's enterprise fund uses the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in a single enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs, the Low Rent Housing Program, Housing Choice Voucher Program, and Public Housing Capital Fund Program.

The Housing Authority's auditors provided assurance in their independent auditors' report, located immediately preceding the MD&A, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2004

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$2,265,460 as of September 30, 2004. Of this amount, \$1,807,022 was invested in capital assets, and the remaining \$458,438 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general Net Assets.

CONDENSED FINANCIAL STATEMENTS

**Condensed Balance Sheet
As of September 30, 2004**

ASSETS	
Current Assets	\$ 552,780
Capital Assets, Net of Depreciation	<u>1,807,022</u>
Total Assets	<u>2,359,802</u>
LIABILITIES	
Current Liabilities	85,677
Non-Current Liabilities	<u>8,665</u>
Total Liabilities	<u>94,342</u>
NET ASSETS	
Invested in Capital Assets	1,807,022
Unrestricted	<u>458,438</u>
Total Net Assets	<u>2,265,460</u>
Total Liabilities and Net Assets	<u>2,359,802</u>

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2004

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds increased by \$56,324, or by 3%, from those of fiscal year 2003, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses,
 and Changes in Fund Net Assets
 Fiscal Year Ended September 30, 2004**

OPERATING REVENUES	
Federal Grants - Operating	\$ 772,481
Rental Revenue	73,547
Other Tenant Revenue	<u>4,914</u>
Total Operating Revenues	<u>850,942</u>
OPERATING EXPENSES	
Housing Assistance Payments to Landlords	411,877
Administration	134,118
Depreciation	115,329
Ordinary maintenance and repairs	74,429
General and Other	61,349
Utilities	13,260
Tenant Services	<u>1,376</u>
Total Operating Expenses	<u>811,738</u>
Net Income from Operations	<u>39,204</u>
NON-OPERATING REVENUES	
Federal Grants - Capital	15,159
Interest Income and Other Revenue	<u>1,961</u>
Total Non-Operating Revenues	<u>17,120</u>
NET INCREASE IN NET ASSETS	56,324
NET ASSETS, Beginning of Year	<u>2,209,136</u>
NET ASSETS, End of Year	<u><u>2,265,460</u></u>

The increase in net assets of these funds was accompanied by an increase in unrestricted cash by \$172,612 from fiscal year 2003, primarily due to significant increases in operating grants from HUD, reduced by purchases of capital assets.

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2004

In future years, a comparative analysis of Authority-wide data with the prior year will be presented. (A comparative analysis for the current year is not required by accounting standards followed by the Authority.)

Compared with the prior fiscal year, total revenues decreased \$28,026, or by 3%. Reasons for this change are listed below in order of impact from greatest to least:

- A \$267,668 decrease in funding from HUD for capital projects, minus an increase of \$235,629 in funding from HUD for operations, for an overall net decrease of 3% in funding from HUD from fiscal year 2003. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2002 through 2003, and submitted a new grant during fiscal year 2004.
- Even though there was an increase in occupancy by 4%, rental revenues decreased by \$1,995, or by 2%, due to an increase in the number of tenants with declining incomes. Since each tenant's personal income is used to determine their rent, the rentals decreased. There was also a decline in late fees and assessments for damage by 14%.
- Interest income increased by \$1,551, or by 36% from fiscal year 2003, due to the increase in cash and cash equivalents noted on the previous page.
- Other income decreased by \$1,028, or by 96% from fiscal year 2003.

Compared with the prior fiscal year, total expenses increased \$40,117, or by 5%. Again, reasons for this change are listed below in order of impact from greatest to least:

- Housing Assistance Payments to Landlords increased by \$28,656, or by 7% from the prior year, due to the increase in tenants with lower incomes noted above. When tenants have less personal income, their reliance on subsidies and vouchers increases because they are not able to pay as much rent.
- Ordinary maintenance and repairs increased by \$16,823, or by 29%, and extraordinary repairs increased by \$2,000 from the prior year, due to the hiring of an additional staff person.
- Administrative expense decreased by \$10,299, or by 7% from the prior year, due to a decrease in salaries and related benefits by 7%, and a decrease in other administrative expenses (such as travel, training, accounting and legal fees) by 14%, as a cost conservation measure. This was offset considerably by an increase in audit fees by 38%.
- General Expense increased by \$9,723, or by 20% from the prior year, due to a combination of offsetting factors. There was an increase in other general expenses by \$15,641 due to administrative fees that were not incurred in the prior year. This was offset by a decrease in property insurance premiums by 15% due to decreases in coverage on the Authority's automobiles.
- Depreciation Expense decreased by \$8,380, or by 7% from the prior year, despite the addition during 2004 of \$34,987 in new capital assets and completion of \$187,741 in construction in progress late in the current fiscal year. Most of the existing assets are very near the end of their estimated useful lives. Also there was \$8,826 in retired, fully depreciated assets.
- Utilities cost increased by \$1,384, or by 12% from the prior year, due to increases in consumption of electricity by 9% and in consumption of gas by 32%.

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2004

- Tenant services increased by \$209, or by 18% from the prior year.

These changes led to an increase in total assets by \$83,854 and an increase in liabilities by \$49,369, to the end that cash increased by \$172,612. Also, capital assets excluding depreciation actually increased by \$26,675.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2004, the Housing Authority had \$4,599,003 invested in a broad range of assets and construction in progress from projects funded in 2003, listed below. This amount, not including depreciation, represents increases of \$26,675 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Capital Assets, Net of Accumulated Depreciation As of September 30, 2004	
Land	\$ 120,589
Buildings	1,465,487
Furniture and Equipment	48,283
Leasehold Improvements	28,377
Construction in Progress	144,286
	<hr/>
Total	1,807,022
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As of the end of the 2004 fiscal year, the Authority is still in the process of completing HUD grants of \$604,510 obtained during 2002 through 2003 fiscal years. A total remainder of \$257,274 will be received and \$244,796 will be spent for completing these projects during fiscal year 2005.

Additional major capital projects of \$176,573 were approved for the 2005 fiscal year from a HUD grant submitted during fiscal year 2004.

Debt

Long-term debt includes accrued annual vacation leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2004

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for 2005 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Bridgett Tanner, Executive Director, at the Housing Authority of Grambling, Louisiana; P. O. Box 626; Grambling, LA 71245-0626.

Exhibit A

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
 Grambling, Louisiana
 Statement of Net Assets
 September 30, 2004

ASSETS

Current Assets:

Cash and cash equivalents	\$ 506,328
Receivables:	
HUD	14,907
Tenants rents, net of allowance	651
Miscellaneous	-
Prepaid insurance	17,875
Inventory	169
Total Current Assets	<u>539,930</u>

Restricted Assets:

Cash and cash equivalents	<u>12,850</u>
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Noncurrent assets:

Capital assets:

Land	120,589
Buildings and improvements	4,127,118
Furniture & equipment	207,010
Construction in progress	144,286
Less accumulated depreciation	(2,791,980)
Capital assets, net of accumulated depreciation	<u>1,807,023</u>

Total Assets	<u>\$ 2,359,803</u>
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LIABILITIES

Current Liabilities:

Accounts Payable - Vendors	\$ 16,216
HUD liability	52,489
Accrued wages payable	4,121
Accrued compensated absences	-
Deferred revenue	-
Total current liabilities	<u>72,826</u>

Liabilities Payable from Restricted Assets:

Security deposit liability	<u>12,850</u>
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Noncurrent liabilities

Accrued Compensated Absences	<u>8,665</u>
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Total liabilities	<u>94,341</u>
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Net Assets:

Invested in capital assets, net of related debt	1,807,021
Restricted	
Unrestricted	458,441
Total net assets	<u>2,265,462</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
 Grambling, Louisiana
 Statement of Revenues, Expenses, and Changes In Net Assets
 For Fiscal Year Ended September 30, 2004

Operating Revenues:	
Annual contributions - Housing Assistance Payments	\$ 473,108
HUD administrative fee	
Public housing operating subsidy	287,641
Operating grants	11,732
Dwelling rental	73,547
Other revenue - Tenants	4,915
Total operating revenues	<u>850,943</u>
Operating Expenses:	
Housing Assistance Payments	411,877
General and administrative	195,466
Repairs and maintenance	74,428
Utilities	13,259
Tenant services	1,378
Depreciation	115,328
Total operating expenses	<u>811,736</u>
Operating (loss)	39,207
Nonoperating Revenues(Expenses):	
Capital grants	15,159
Interest revenue	231
Miscellaneous revenues	1,730
Total nonoperating revenues	<u>17,120</u>
Change in net assets	56,327
Net assets, beginning of year, as restated	<u>2,209,135</u>
Net assets, end of year	<u>\$ 2,265,462</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Statement of Changes in Cash Flow
Fiscal Year Ended September 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 74,107
Other cash receipts	6,629
Cash payments to suppliers for goods and services	(168,795)
Cash payments to employees for services	(128,951)
Cash provided by non-capital Federal grants	777,524
Cash payments to landlords for housing assistance	<u>(411,877)</u>
Net cash provided (used) by operating activities	<u>148,637</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash provided casualty and other losses	<u>46</u>
Net cash provided by non-capital financing activities	<u>46</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash provided by Federal capital grants	60,502
Acquisition of capital assets	(38,596)
Expenditures for construction	(2,390)
Net cash transferred to (from) funds	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>19,516</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash provided by Interest received on investments	<u>1,914</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	170,113
CASH AND CASH EQUIVALENTS, Beginning of Fiscal Year	<u>336,215</u>
CASH AND CASH EQUIVALENTS, End of Fiscal Year	<u><u>506,328</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Income (Loss) from Operations	<u>39,205</u>
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation	115,329
Provision for uncollectible tenant accounts	(233)
Changes in assets and liabilities:	
(Increase) decrease in accounts and interest receivable	1,714
(Increase) decrease in prepaid expenses and inventories	(1,758)
Increase (decrease) in accounts payable	(12,547)
Increase (decrease) in accrued salaries and benefits	196
Increase (decrease) in other liabilities	4,230
Increase (decrease) in security deposits due to tenants	<u>2,500</u>
Total adjustments	<u>109,431</u>
Net cash provided (used) by operating activities	<u><u>148,636</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana
Notes to the Financial Statements
For Fiscal Year Ended September 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Reporting Entity

The Housing Authority of The City of Grambling (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the City of Grambling, Louisiana. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the city and serve five-year staggered terms. The Board of the authority exercises all powers granted to the authority.

The Board has the final responsibility for:

1. Approving budgets.
2. Exercising control over facilities and properties.
3. Controlling the use of funds generated by the authority
4. Approving the hiring and firing of key personnel
5. Financing improvements.

The financial statements were prepared in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. The authority is financially accountable for a component unit if it appoints a voting majority of the organization's board and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, or impose specific financial burdens on the authority. The authority has no component units included within its reporting entity.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2004 – Continued

(2) Government-wide financial statements

The government-wide financial statements (i.e. the statement of net assets and the statement of revenues, expenses and changes in net assets) report information on all of the activities of the authority.

(3) Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements by the provider have been met.

The accompanying financial statements include the activities of several housing programs subsidized by HUD. A summary of each significant program is provided below.

Low Income Housing Program

The purpose of the low-income housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are owned, maintained and managed by the authority. The developments are acquired, developed and modernized under HUD's capital funds programs. Funding of the program operations is provided via federal annual contribution contracts (operating subsidies) and tenant rents (determined as a percentage of family income, adjusted for family composition).

Housing Assistance Programs

The housing assistance payment program utilizes existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the program is provided by federal annual housing assistance contributions from HUD, which provide for the difference between the approved landlord contract rent and the rent paid by the tenant.

The government-wide financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The authority maintains their accounts in accordance with the chart of accounts prescribed by the U.S. Department of Housing and Urban Development (HUD).

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2004 – Continued

For financial reporting purposes, the authority reports all of its operations in a single enterprise fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed, to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. The authority also has the *option* of following subsequent private-sector guidance, subject to the same limitations. The authority has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are HUD Operating Subsidies, Section 8 Housing Assistance Subsidies, Section 8 Management Fees, tenant dwelling rents and other tenant revenue. Operating expenses include Section 8 Housing Assistance Payments, General and Administrative expenses, repairs and maintenance expenses, utilities, tenant services, depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the authority's policy to use restricted resources first, then unrestricted resources as they are needed.

(4) New Accounting Standards Adopted

During the year ended September 30, 2004, the Authority adopted four new statements of financial accounting standards issued by the Government Accounting Standards Board (GASB):

- Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.
- Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34*.
- Statement No. 38, *Certain Financial Statement Note Disclosures*.
- Statement No. 39, *Determining Whether Certain Organizations Are Component Units an amendment of GASB 14*.

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments including special purpose governments such as the Housing Authority of The City of Grambling. This new reporting model requires

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2004 – Continued

management to provide a narrative and analysis to the ordinary user called Management's Discussion and Analysis (MD&A). This new reporting model also requires the financial statements to be presented on the entity as a whole (government-wide financial statements). The most significant changes to the financial statements are the format, classification of information and the classification of fund equity into various classes of net assets.

(5) Assets, liabilities, and net assets

(a) Deposits and Investments

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

Investments for the authority are reported at fair value.

(b) Inventory and prepaid items

All inventories are valued on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(c) Restricted Assets

Cash equal to the amount of tenant security deposits is reflected as restricted.

(d) Capital assets

Capital assets, which include land, buildings, improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the authority as assets with an initial, individual cost of more than \$500 (amount not rounded). Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2004 – Continued

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

Buildings	33 years
Modernization and improvements	15 years
Furniture and equipment	3-7 years

(e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for HUD grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At September 30, 2004, the management of the authority established an allowance for doubtful accounts of approximately \$1,300.

(g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and sick pay is accrued when incurred and reported as a liability. Employees earn from 98 to 192 annual leave hours per year and may accumulate an unlimited number of annual leave hours. Employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2004 – Continued

(h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the government-wide financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND CASH EQUIVALENTS

See Note A for discussion of policies related to cash and cash equivalents. At September 30, 2004, the authority has cash and cash equivalents (book balances) totaling \$519,167 as follows:

Interest-bearing demand deposits	\$516,401
Time deposits	2,707
Other	59
Total	<u>\$519,167</u>
Unrestricted	\$506,317
Restricted	12850
Total cash and cash equivalents	<u>\$519,167</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2004, the authority has \$534,217 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the authority.

GASB Category 1	\$100,000
GASB Category 2	-
GASB Category 3	434,217
	<u>\$534,217</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2004 – Continued

within 10 days of being notified by the authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2004 was as follows:

	Beginning Balance	Additions	Deletions	Adjustment	Ending Balance
Nondepreciable Assets:					
Land	\$ 120,589	\$ -	\$ -	\$ -	\$ 120,589
Construction in progress	326,026	2,430	-	(184,170)	144,286
Depreciable Assets:					
Building and Improvements	3,938,451	-	9,220	188,666	4,117,897
Furniture and equipment	187,262	35,817	-	(6,848)	216,231
Total	<u>\$ 4,572,328</u>	<u>\$ 38,247</u>	<u>\$ 9,220</u>	<u>\$ (2,352)</u>	<u>\$ 4,599,003</u>
Less Accumulated depreciation					
Building and Improvements	\$ 2,528,923	\$ 105,236	\$ 9,220	\$ (907)	2,624,032
Furniture and equipment	156,555	11,392	-	-	167,947
Total accumulated depreciation	<u>2,685,478</u>	<u>116,628</u>	<u>9,220</u>	<u>(907)</u>	<u>2,791,979</u>
Net Capital Assets	<u>\$ 1,886,850</u>	<u>\$ (78,381)</u>	<u>\$ -</u>	<u>\$ (1,445)</u>	<u>\$ 1,807,024</u>

NOTE D – CONSTRUCTION COMMITMENTS

The authority has active construction projects as of September 30, 2004. At year-end, the commitments with contractors are as follows:

Projects	Expended to Date	Remaining Commitment
2001	\$154,585	\$54,691
2002	2,430	190,105
Total	<u>\$157,015</u>	<u>\$244,796</u>

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Notes to the Financial Statements, 2004 – Continued

NOTE E – PRIOR PERIOD ADJUSTMENTS AND CORRECTIONS OF ERRORS

The Public Housing Fund and the Capital Fund program recorded immaterial prior period adjustments in the amounts of \$1,813 and (\$3,671), respectively.

The Housing Choice Voucher Program recorded prior period adjustment to correct errors on the 2000 and 2001 HUD Form – 52681, (\$24,282) and \$7,003 respectively. The Program also recorded an immaterial adjustment of \$923, to the administration fee earned, per the approved yearend statement, HUD Form – 52681.

NOTE F - RETIREMENT PLAN

The authority participates in the Housing-Renewal and Local Agency Retirement Plan, administered by Broussard, Bush & Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. Plan provisions and changes to the plan contributions are determined by the Board of the authority.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 7.5 percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute 5.5 percent of their annual covered salary.

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday or after ten years of participation in the plan.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2004 – Continued

The authority's total payroll for the year ended September 30, 2004, was \$112,263. The authority's contributions were calculated using the base salary amount of \$89,907. The authority made the required contributions of \$6,743 for the year ended September 30, 2004.

NOTE G – RISK MANAGEMENT

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE H – FEDERAL COMPLIANCE CONTINGENCIES

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

FINANCIAL DATA SCHEDULE

SCHEDULE 1

PHA: LA097 FYED: 09/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$193,921	\$312,406	\$0	\$506,327
114	Cash - Tenant Security Deposits	\$12,850	\$0	\$0	\$12,850
100	Total Cash	\$206,771	\$312,406	\$0	\$519,177
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$14,908	\$14,908
126	Accounts Receivable - Tenants - Dwelling Rents	\$1,951	\$0	\$0	\$1,951
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-1,300	\$0	\$0	\$-1,300
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$651	\$0	\$14,908	\$15,559
142	Prepaid Expenses and Other Assets	\$17,875	\$0	\$0	\$17,875
143	Inventories	\$169	\$0	\$0	\$169
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$311,865	\$0	\$0	\$311,865
150	Total Current Assets	\$537,331	\$312,406	\$14,908	\$864,645
161	Land	\$120,589	\$0	\$0	\$120,589
162	Buildings	\$3,284,100	\$0	\$184,130	\$3,468,230
163	Furniture, Equipment & Machinery - Dwellings	\$73,004	\$0	\$14,899	\$87,903
164	Furniture, Equipment & Machinery - Administration	\$119,108	\$0	\$0	\$119,108
165	Leasehold Improvements	\$652,478	\$0	\$6,411	\$658,887
166	Accumulated Depreciation	\$-2,775,687	\$0	\$-16,294	\$-2,791,981
167	Construction In Progress	\$0	\$0	\$144,286	\$144,286
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,473,590	\$0	\$333,432	\$1,807,022
180	Total Non-Current Assets	\$1,473,590	\$0	\$333,432	\$1,807,022
190	Total Assets	\$2,010,921	\$312,406	\$348,340	\$2,671,667

PHA: LA097 FYED: 09/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$0	\$214	\$0	\$214
321	Accrued Wage/Payroll Taxes Payable	\$3,685	\$0	\$0	\$3,685
322	Accrued Compensated Absences - Current Portion	\$3,548	\$573	\$0	\$4,121
331	Accounts Payable - HUD PHA Programs	\$0	\$52,489	\$0	\$52,489
333	Accounts Payable - Other Government	\$12,317	\$0	\$0	\$12,317
341	Tenant Security Deposits	\$12,850	\$0	\$0	\$12,850
347	Interprogram Due To	\$0	\$296,957	\$14,908	\$311,865
310	Total Current Liabilities	\$32,400	\$350,233	\$14,908	\$397,541
354	Accrued Compensated Absences - Non Current	\$7,245	\$1,420	\$0	\$8,665
350	Total Noncurrent Liabilities	\$7,245	\$1,420	\$0	\$8,665
300	Total Liabilities	\$39,645	\$351,653	\$14,908	\$406,206
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,473,590	\$0	\$333,432	\$1,807,022
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$497,686	\$-39,247	\$0	\$458,439
513	Total Equity/Net Assets	\$1,971,276	\$-39,247	\$333,432	\$2,265,461
600	Total Liabilities and Equity/Net Assets	\$2,010,921	\$312,406	\$348,340	\$2,671,667

FINANCIAL DATA SCHEDULE

SCHEDULE 1

PHA: LA097 FYED: 09/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$73,547	\$0	\$0	\$73,547
704	Tenant Revenue - Other	\$4,915	\$0	\$0	\$4,915
705	Total Tenant Revenue	\$78,462	\$0	\$0	\$78,462
706	HUD PHA Operating Grants	\$287,641	\$473,108	\$11,732	\$772,481
706.1	Capital Grants	\$0	\$0	\$15,159	\$15,159
711	Investment Income - Unrestricted	\$108	\$123	\$0	\$231
715	Other Revenue	\$46	\$1,684	\$0	\$1,730
700	Total Revenue	\$366,257	\$474,915	\$26,891	\$868,063

PHA: LA097 FYED: 09/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$61,158	\$16,791	\$0	\$77,949
912	Auditing Fees	\$3,000	\$6,000	\$0	\$9,000
914	Compensated Absences	\$3,121	\$0	\$0	\$3,121
915	Employee Benefit Contributions - Administrative	\$7,663	\$2,926	\$0	\$10,589
916	Other Operating - Administrative	\$26,600	\$6,860	\$0	\$33,460
924	Tenant Services - Other	\$1,376	\$0	\$0	\$1,376
931	Water	\$143	\$0	\$0	\$143
932	Electricity	\$11,418	\$0	\$0	\$11,418
933	Gas	\$1,501	\$0	\$0	\$1,501
938	Other Utilities Expense	\$198	\$0	\$0	\$198
941	Ordinary Maintenance and Operations - Labor	\$34,314	\$0	\$0	\$34,314
942	Ordinary Maintenance and Operations - Materials and Other	\$12,372	\$0	\$0	\$12,372
943	Ordinary Maintenance and Operations - Contract Costs	\$23,418	\$26	\$0	\$23,444
945	Employee Benefit Contributions - Ordinary Maintenance	\$4,298	\$0	\$0	\$4,298
961	Insurance Premiums	\$34,192	\$795	\$0	\$34,987
962	Other General Expenses	\$240	\$15,401	\$0	\$15,641
963	Payments in Lieu of Taxes	\$6,029	\$0	\$0	\$6,029
964	Bad Debt - Tenant Rents	\$2,692	\$0	\$0	\$2,692
969	Total Operating Expenses	\$233,733	\$48,799	\$0	\$282,532
970	Excess Operating Revenue over Operating Expenses	\$132,524	\$426,116	\$26,891	\$585,531
971	Extraordinary Maintenance	\$2,000	\$0	\$0	\$2,000
973	Housing Assistance Payments	\$0	\$411,877	\$0	\$411,877
974	Depreciation Expense	\$100,564	\$0	\$14,764	\$115,328
900	Total Expenses	\$336,297	\$460,876	\$14,764	\$811,737
1001	Operating Transfers In	\$11,732	\$0	\$0	\$11,732
1002	Operating Transfers Out	\$0	\$0	\$-11,732	\$-11,732
1010	Total Other Financing Sources (Uses)	\$11,732	\$0	\$-11,732	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$41,692	\$14,239	\$395	\$56,326

FINANCIAL DATA SCHEDULE

SCHEDULE 1

PHA: LA097 FYED: 09/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,931,397	\$-37,130	\$336,708	\$2,230,975
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$-1,813	\$-16,356	\$-3,671	\$-21,840
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$589,842	\$0	\$589,842
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$142,076	\$0	\$142,076
1116	Total Annual Contributions Available	\$0	\$731,918	\$0	\$731,918
1120	Unit Months Available	1,041	1,800	0	2,841
1121	Number of Unit Months Leased	814	1,426	0	2,240

		SCHEDULE 2
HOUSING AUTHORITY OF THE CITY OF GRAMBLING Schedule of Expenditures of Federal Awards For Fiscal Year Ended September 30, 2004		
<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing	14.850a	287,641
Housing Choice Voucher Program	14.871	473,108
Public Housing Capital Fund Program	14.872	26,891
Total Federal Expenditures		\$ 787,640

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the housing authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Housing Authority of the City of Grambling
Grambling, Louisiana

I have audited the financial statements of the Housing Authority of the City of Grambling (the authority), as of and for the year ended September 30, 2004 and have issued my report thereon dated March 29, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Independent Auditor's Report
on Compliance... *Government*
Auditing Standards, 2004
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

 William Daniel
McCaskill, CPA, APAC

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William Daniel McCaskill, CPA
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March 29, 2005

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Housing Authority of the City of Grambling
Grambling, Louisiana

Compliance

I have audited the compliance of the Housing Authority of the City of Grambling (the authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2004. The authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the authority's compliance with those requirements.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Compliance...A-133, 2004
Page Two

In my opinion, the authority complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

Internal Control Over Compliance

The management of the authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

 William Daniel
McCaskill, CPA, APAC

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William Daniel McCaskill, CPA
A Professional Accounting Corporation
March 29, 2005

Schedule 3

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Compensation Paid Board Members

Fiscal Year Ended September 30, 2004

Members of the Board of Commissioners serve without compensation.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Schedule of Prior Year Audit Findings
Fiscal Year Ended September 30, 2004

Finding 2003-1

The Low Rent Public Housing program advanced monies to the Housing Choice Voucher program. The Housing Choice Voucher program had a deficit for the year ended. As a result, the ability of the Housing Choice Voucher program to repay the Low Rent Housing program was unclear.

This finding has not been resolved.

Finding 2003-2

Several deficiencies were noted during the test of Housing Choice Voucher tenant files.

No such deficiencies were noted this year.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs

Fiscal Year Ended September 30, 2004

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the authority.
2. No reportable conditions disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the authority, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No reportable conditions disclosed during the audit of internal control over major federal award programs are reported in the Independent Auditor's Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the authority expresses an unqualified opinion on all major federal programs.
6. No audit findings were required to be reported, in accordance with Section 510(a) of OMB Circular A-133, in this schedule.
7. The programs tested as major programs included:
 1. 14.871 Housing Choice Vouchers
 2. 14.872 Capital Fund

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended September 30, 2004

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The authority did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

None